

Program E: Gaming

Program Authorization: La. Constitution, Article IV, Section 8; R.S. 36:701(D); R.S. 36:704(H); R.S. 27:1 et seq. (the Louisiana Gaming Control Board); Act 7 of the First Extraordinary Session of 1996; Act 888 of 1990 and Act 817 of 1993 (Indian gaming); R.S. 4:141 et seq. (the La. State Racing Commission); R.S. 4:701.1 et seq. (the Office of Charitable Gaming, Department of Revenue); and R.S.47:9001 et seq. (the Louisiana Lottery Corporation); R.S. 27:351 et seq. (Louisiana Par-Mutual Live Racing Facility Economic Re-Development and Gaming Control Act).

PROGRAM DESCRIPTION

The mission of the Gaming Program (organizationally expressed as the Gaming Division) is to serve the Louisiana Gaming Control Board and other client agencies in a manner that creates a regulatory atmosphere for licensed gaming and instills public confidence and trust that gaming activities are conducted honestly and are free from criminal and corruptive elements; to ensure the integrity of individual gaming entities by the regulation of persons, practices, associations, and activities within the gaming industry; and to anticipate and support necessary corrective rulemaking and legislation.

The goals of the Gaming Program are:

1. Provide superior legal and professional services to the State of Louisiana.
2. Improve cooperative working relationships with federal, state, and local agencies and private sector organizations.

The Gaming Program has responsibilities related to: Louisiana Gaming Control Board; Riverboat, Video Poker, and Slot Machine Gaming at Live Racing Facilities; Louisiana Lottery Corporation; State Racing Commission; Charitable Gaming; Land-based Casino; and Indian Gaming.

- Louisiana Gaming Control Board: The Gaming Program provides representation, legal advice, and counsel to the Louisiana Gaming Control Board in areas of land-based casino, riverboat, video poker gaming, slot machine gaming at race tracks, and gaming on Indian lands.
- Riverboat, Video Poker, and Slot Machine Gaming at Live Racing Facilities: The Gaming Program provides legal advice and representation to the Louisiana Gaming Control Board (LGCB) and Louisiana State Police (LSP) in all areas of gaming regulation, including licensing, enforcement, and rulemaking as well as prosecuting administrative actions, including denials of applications, suspensions, revocations, and civil penalties. The Gaming Program assists in the review of files and applications; represents the board and the LSP in judicial appeals of administrative actions; and defends the board and the LSP in other civil litigation related to gaming.
- Louisiana Lottery Corporation (LLC): The Gaming Program attends meetings of the Louisiana Lottery Corporation, providing legal advice and counsel on an as-needed basis to the LLC on wide ranging issues concerning operation of the lottery in accordance with the statutory provisions. The Gaming Program participates in the review of requests for proposals issued by the lottery for the solicitation of services to the LLC and provides legal defense in certain matters instituted against the LLC.
- State Racing Commission: The Gaming Program provides legal representation and counsel to the Louisiana State Racing Commission in all matters regarding the regulation of the horse racing industry, pari-mutual wagering and off-track wagering. The Gaming Program prosecutes administrative actions on behalf of the commission and defends the commission in all civil litigation to which it is a party.
- Charitable Gaming: The Gaming Program provides legal advice and representation to the Office of Charitable Gaming in the Department of Revenue in all areas of gaming regulation, including licensing, enforcement, and rulemaking as well as prosecuting administrative actions, including denials of applications, suspensions, revocations, and civil penalties. The Gaming Program assists in the review of files and applications; represents the Office of Charitable Gaming in judicial appeals of administrative actions; and defends the Office of Charitable Gaming in other civil litigation related to gaming.
- Land-based Casino: The Gaming Program provides legal advice and representation to the Louisiana Gaming Control Board and the Louisiana State Police (LSP) in all areas of gaming regulation, including licensing, enforcement, and rulemaking as well as prosecuting administrative actions, including denials of applications, suspensions, revocations, and civil penalties. The Gaming Program assists in the review of files and applications; represents the board and the LSP in judicial appeals of administrative actions; and defends the board and the LSP in other civil litigation related to gaming. The program also assists in the negotiation and redrafting of a new casino operating agreement with the casino gaming operator.
- Indian Gaming: The Gaming Program advises the Louisiana Gaming Control Board on matters of Indian gaming and Indian law. The program provides legal counsel to the Louisiana State Police Indian Casino Gaming Division; handles all reviews of the denial, suspension, and revocation of state certification to work for or do business with Indian casinos; and serves as a resource for numerous state agencies for information on Indian gaming and Indian law.

OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2001-2002. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

1. (KEY) To review and process video poker application files within an average of 57 calendar days.

Strategic Link: This operational objective is related to the program's Strategic Goal I: *Provide superior legal and professional services to the State of Louisiana through a system for maintaining competent and highly qualified individuals.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: The Gaming Division reviews new application files for Licenses III-IX. These include Hotel/Motel (III), Horsetrack/Offtrack (IV), Truckstop (V), Device Owner (VI), Service Vendor (VII), Distributor (VIII) and Manufacturer (IX). The Gaming Division also reviews applications that are recommended for denial by the Louisiana State Police in all licensed categories. In addition to III-IX, these include Bar/Lounge (I) and Restaurant (II).

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Number of video poker application files reviewed	475	178	200	200	200	200
K	Average time to process video poker application file (in calendar days)	57	45 ¹	57	57	57 ²	57 ²

¹ The program reported its FY 1999-2000 quarterly progress in discrete quarters rather than as cumulative averages progressing toward a yearend average. As a result, the 4th Quarter actual and yearend figure (42 days) reported in LaPAS is the average of Quarter 4 only. The FY 1999-2000 figure shown here (45) is an average of the FY 1999-2000 Quarter 1, Quarter 2, Quarter 3 and Quarter 4 averages.

² The FY 2001-2002 projected average time is based on the year-to-date average for FY 2000-2001.

GENERAL PERFORMANCE INFORMATION: VIDEO POKER GAMING ACTIVITIES					
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of application files reviewed	Not applicable ¹	498	451	138	178
Number of other files reviewed ²	Not applicable ¹	Not available ³	Not available ³	71	66
Number of violation reports reviewed	Not applicable ¹	Not available ³	3	49	66
Number of administrative action letters drafted/issued.	Not applicable ¹	Not available ³	144	117	66
Number of administrative hearings held	Not applicable ¹	87 ⁴	192	120	161
Number of judicial appeals	Not applicable ¹	Not available ³	7	7	2

¹ The Attorney General's Gaming Division did not become involved in video poker gaming regulation until May 1, 1996.

² This indicator includes all files other than application files, primarily revocations and suspensions.

³ Indicator was not tracked during this fiscal year.

⁴ The Louisiana Gaming Control Board, successor in authority to the Louisiana Economic Development and Gaming Corporation, Riverboat Gaming Commission, and the Riverboat Gaming Enforcement Division and Video Gaming Division of the Louisiana State Police, came into operation May 1, 1996. The first hearings which the Louisiana Gaming Control Board held began on September 23, 1997.

2. (KEY) To review and process riverboat application files within an average of 30 calendar days.

Strategic Link: This operational objective is related to the program's Strategic Goal I: *Provide superior legal and professional services to the State of Louisiana through a system for maintaining competent and highly qualified individuals.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: As a result of the evolution of the investigative process required for Riverboat employee application files, the Gaming Division is no longer significantly involved in the review and processing of employee application files. Rather, the division is reviewing and processing application files that relate to certain classes of licensees (permittees) other than employees, which require a more detailed process and investigation. These include manufacturers, distributors, suppliers, and other persons required to be found suitable. The division is using new indicators in place of the employee application file indicators used in prior fiscal years to more accurately reflect the division's current involvement in the review and processing of riverboat files. The number of employee application files reviewed is reported in the General Performance Information table that follows to report the cases for which the division does provide limited review.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Number of riverboat application files reviewed ¹	Not applicable ²	Not available ²	Not applicable ²	150 ²	150	150
K	Average time to review and process riverboat application file (in calendar days)	Not applicable ²	Not available ²	Not applicable ²	30 ²	30	30

¹ Riverboat application files include certain classes of licensees (permittees) other than employees. These include manufacturers, distributors, suppliers, and other persons required to be found suitable.

² This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and does not have performance standards for FY 1999-2000 and FY 2000-2001. No data for this indicator were collected or reported for FY 1999-2000. The value shown for existing performance standard is an estimate, based on FY 2000-2001 year-to-date information, not a performance standard.

GENERAL PERFORMANCE INFORMATION: RIVERBOAT GAMING ACTIVITIES

PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of violation reports reviewed	Not applicable ¹	51 ²	105	101	153
Number of administrative action letters drafted/issued.	Not applicable ¹	55 ²	135	215	153
Number of administrative hearings held	Not applicable ¹	101 ³	189	158	145
Number of judicial appeals	Not applicable ¹	3 ³	14	1	3
Number of employee files reviewed	Not applicable ¹	111 ²	500 ⁴	726	184 ⁵

¹ The Department of Justice's Gaming Division did not become involved in riverboat gaming regulation until May 1, 1996.

² Based on the only numbers captured, those being between November 1, 1997, and May 1, 1998.

³ The number of administrative hearings during FY 1996-1997 is based on a nine-month period (September 23, 1997 through June 30, 1997). This number includes employee and violation hearings. The Louisiana Gaming Control Board, successor in authority to the Louisiana Economic Development and Gaming Corporation, Riverboat Gaming Commission, and the Riverboat Gaming Enforcement Division and Video Gaming Division of the Louisiana State Police, came into operation May 1, 1996. The first hearings that the Louisiana Gaming Control Board held began on September 23, 1997.

⁴ Estimate based on a six-month tracking of November 1997 through May 1998.

⁵ Reduction is due to a change in the type of files reviewed. The Gaming Division now reviews only key employee application denials and approvals.

3. (KEY) To review and process land-based casino application files within an average of 30 calendar days.

Strategic Link: This operational objective is related to the program's Strategic Goal I: *Provide superior legal and professional services to the State of Louisiana through a system for maintaining competent and highly qualified individuals.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: A land-based casino application file includes review of all denials of applications, including gaming and non-gaming vendors, key and non-key gaming employees, and approvals of all applications other than non-key employee and non-gaming vendors.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Number of land-based casino application files reviewed.	Not applicable ¹	238	125	125	125	125
K	Average time to process land-based casino application file (in calendar days).	Not applicable ¹	10.5	30	30	30	30

¹ This indicator did not appear under Act 10 of 1999 and has no performance standard for FY1999-2000.

GENERAL PERFORMANCE INFORMATION: LAND-BASED CASINO GAMING ACTIVITIES	
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1999-00
Number of administrative action letters drafted/issued.	24
Number of administrative hearings held	2
Number of judicial appeals filed	0

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1999 - 2000	ACT 11 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$990,000	\$990,000	\$1,025,512	\$941,272	(\$48,728)
STATE GENERAL FUND BY:						
Interagency Transfers	707,297	157,541	196,216	156,167	156,167	(40,049)
Fees & Self-gen. Revenues	82,866	423,657	423,657	423,657	404,873	(18,784)
Statutory Dedications	2,631,462	3,055,359	3,125,870	3,185,031	3,129,812	3,942
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
TOTAL MEANS OF FINANCING	<u><u>\$3,421,625</u></u>	<u><u>\$4,626,557</u></u>	<u><u>\$4,735,743</u></u>	<u><u>\$4,790,367</u></u>	<u><u>\$4,632,124</u></u>	<u><u>(\$103,619)</u></u>
EXPENDITURES & REQUEST:						
Salaries	\$2,104,222	\$2,045,867	\$2,045,867	\$2,127,633	\$2,211,280	\$165,413
Other Compensation	142,720	265,470	265,470	265,470	265,470	0
Related Benefits	354,766	500,955	500,955	512,559	502,559	1,604
Total Operating Expenses	375,765	594,488	594,488	606,378	594,488	0
Professional Services	205,768	682,422	791,608	682,422	682,422	(109,186)
Total Other Charges	14,539	410,355	410,355	410,355	190,355	(220,000)
Total Acq. & Major Repairs	223,845	127,000	127,000	185,550	185,550	58,550
TOTAL EXPENDITURES AND REQUEST	<u><u>\$3,421,625</u></u>	<u><u>\$4,626,557</u></u>	<u><u>\$4,735,743</u></u>	<u><u>\$4,790,367</u></u>	<u><u>\$4,632,124</u></u>	<u><u>(\$103,619)</u></u>
AUTHORIZED FULL-TIME EQUIVALENTS: Classified	0	0	0	0	0	0
Unclassified	58	54	54	54	57	3
TOTAL	<u><u>58</u></u>	<u><u>54</u></u>	<u><u>54</u></u>	<u><u>54</u></u>	<u><u>57</u></u>	<u><u>3</u></u>

SOURCE OF FUNDING

This program is funded with the State General Fund, Interagency Transfers and Fees and Self-generated Revenues and Statutory Dedications. Interagency Transfers are derived from various state agencies for investigative and legal services as pertaining to gaming industry. Fees and Self-generated Revenues are derived from the Louisiana Lottery Corporation. The Statutory Dedications are provided from the Riverboat Gambling Enforcement Fund. (Per R.S. 39.32B. (8), see table below for a listing of expenditures out of each Statutory Dedicated Fund.)

	ACTUAL 1999 - 2000	ACT 11 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
Riverboat Gaming Enforcement Fund	\$2,631,462	\$3,055,359	\$3,125,870	\$3,185,031	\$3,129,812	\$3,942

ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$990,000	\$4,626,557	54	ACT 11 FISCAL YEAR 2000-2001
			BA-7 TRANSACTIONS:
\$0	\$109,186	0	Carry forward BA-7
\$990,000	\$4,735,743	54	EXISTING OPERATING BUDGET – December 15, 2000
\$23,549	\$96,254	0	Unclassified State Employees Merit Increases for FY 2001-2002
\$53,050	\$185,550	0	Acquisitions & Major Repairs
(\$45,050)	(\$127,000)	0	Non-Recurring Acquisitions & Major Repairs
\$0	(\$109,186)	0	Non-Recurring Carry Forwards
\$0	(\$18,784)	0	Salary Base Adjustment
(\$20,277)	(\$67,569)	(1)	Attrition Adjustment
(\$60,000)	(\$60,000)	(1)	Personnel Reductions
\$0	(\$2,884)	0	Other Adjustments - Reduction of IAT agreements to anticipated levels
\$0	\$0	5	Other Adjustments - Establishment of Positions into regular Table of Organization from Other Charges
\$941,272	\$4,632,124	57	TOTAL RECOMMENDED

The total means of financing for this program is recommended at 97.8% of the existing operating budget. It represents 94.4% of the total request (\$4,908,058) for this program. At the recommended level of funding, approximately the same number of services should be provided by this program.

PROFESSIONAL SERVICES

\$100,000	Legal Services dealing with the Bankruptcy of Harrah's Jazz Co., Taylor, Porter Brooks, Baton Rouge
\$25,000	Legal Services for the Gaming Control Board, Kantrow, Sphat, Weaver & Blitzer, Baton Rouge
\$75,000	Legal Services for the Gaming Control Board, R. Lamonica, Baton Rouge
\$482,422	To be determined, for legal and other services deemed required by the department to carry out the mission of the department
\$682,422	TOTAL PROFESSIONAL SERVICES

OTHER CHARGES

\$75,573	Court Reporters, travel for witnesses, etc.
\$114,782	To be determined, additional contract services deemed required to carry out mission of the department
\$190,355	TOTAL OTHER CHARGES

ACQUISITIONS AND MAJOR REPAIRS

\$53,500	Replacement Library reference materials
\$132,050	Replacement of various data processing equipment
\$185,550	TOTAL ACQUISITIONS AND MAJOR REPAIRS